

**IN THE SPECIFICATION**

Please amend paragraph [0008] as follows:

[0008] The parameter generator may comprise a second image compressor coupled to a processor. The processor outputs a ~~second~~ set of parameters and the second image compressor compresses the digital information using the ~~second~~ set of parameters. The processor adjusts the ~~second~~ set of parameters and ~~outputs a third set of parameters as the~~ generates a second set of parameters, if the use of the second set of parameters results in a selected data bit rate, and otherwise, outputs the second set of parameters as the first set of parameters when the set of parameters is determined to result in the compressed data bit rate not below a selected threshold and set the second set of parameters as said set of parameters when the second set of parameters is determined to result in the compressed data bit rate below the selected threshold. Alternatively, the parameter generator may comprise a processor to output the ~~first~~ set of parameters. The processor then adjusts the ~~first~~ set of parameters to generate a second set of parameters if the use of the ~~first~~ set of parameters ~~results in a selected data bit rate~~ is determined to result in the compressed data bit rate not below the selected threshold, and outputs the second set of parameters as the ~~first~~ set of parameters when the second set of parameters is determined to result in the compressed data bit rate below the selected threshold.

Please amend paragraph [00010] as follows:

[00010] In a further embodiment, an apparatus for encoding digital image information comprises means for outputting at least a first set of parameters, and first means for compressing the digital image information using the first set of parameters. Here, the means for outputting at least the first set of parameters may comprise second means for compressing the digital information using a second set of parameters, means for outputting the second set of parameters, means for adjusting the second set of parameters to generate a third set of parameter, ~~and means for outputting the third set of parameters as the second set of parameters if the use of the second set of parameters results in a selected data bit rate, and otherwise, outputting the second set of parameters as the first set of parameters~~

when the set of parameters is determined to result in the compressed data bit rate not below a selected threshold and set the second set of parameters as said set of parameters when the second set of parameters is determined to result in the compressed data bit rate below the selected threshold. Alternatively, the means for outputting at least the ~~first~~ set of parameters may comprise means for adjusting the ~~first~~ set of parameters to generate a second set of parameters if the use of the ~~first~~ set of parameters ~~results in a selected data bit rate~~ is determined to result in the compressed data bit rate not below the selected threshold; and means for outputting the second set of parameters as the first set of parameters when the second set of parameters is determined to result in the compressed data bit rate below the selected threshold.